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ABSTRACT

This report by the Chancellor of The Alabama College System provides recommendations to the governor for implementing the Workforce Investment Act (WIA) of 1998 in the state. The WIA consolidates and streamlines the federal role in adult and youth job training and adult and vocational education. Alabama high school graduates who were successful in high school are unlikely to have adequate computer and technical skills to compete for increasingly high-tech jobs in the global economy. The prospect of moving into the next century with fewer younger, better educated workers entering the workforce demands that a system be developed that can transform the fragmented training and employment programs into a coordinated information and service delivery system for individuals seeking jobs, and for employers seeking more highly trained workers. Key elements of such a system include: (1) one-stop centers; (2) customer choice; (3) integration of services; and (4) performance-driven outcomes. Alabama's two-year colleges have been striving to accomplish the creation of such a network, and this effort has been tied to actions of state and national leaders. The WIA presents a number of opportunities for the Alabama College System to work cooperatively and constructively as an equal partner with other agencies in redefining and advancing the state's workforce development system as Alabama moves into the 21st century. (AS)

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THE ALABAMA COLLEGE SYSTEM

AND THE

WORKFORCE INVESTMENT ACT OF 1998

A

WHITE PAPER

Prepared by
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The Alabama College System

June 4, 1999

JC 990 332

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CONTEXT

Alabama stands at a critical juncture in its history. The workplace of the coming years demands employees who are highly skilled and highly trained in order to meet the needs of business and industry as they compete in the global economy. According to the Report of the Task Force for Effectiveness Planning in Postsecondary Education to the Alabama State Board of Education, Alabama's workforce is not prepared to compete in the global economy. Alabama's citizens find themselves competing for increasingly high-tech jobs. Alabamians face a workplace which has become increasingly automated and technical. Students who were successful high school graduates as recently as seven to ten years ago are unlikely to have adequate computer and technical skills to remain successful in today's competitive job market. Those who have been unsuccessful in high school face an even more critical task in securing the sophisticated levels of training necessary to maintain high-wage, high-skill occupations required in today's economy.

Eighty percent of new jobs available over the next decade will require a minimum of two-years of postsecondary education. Eighty-five percent of all jobs will require skilled workers or professionals. Eighty-five to ninety percent of the people working today will still be in the labor force in the next decade, requiring continuous high level training to maintain an adequate workforce. Often, those individuals most in need of opportunities for employment training, workforce training and education for career advancement are those who are most unfamiliar with the means available for securing such training.

In Alabama, two-year colleges have attempted through physical proximity, through outreach and through new modes of electronic delivery to meet the needs of the state for workforce training with comprehensive assessment, evaluation, job market analysis, pre-vocational training, skills training, pre-employment training, specialized and customized training. Alabama's two-year colleges have specialized in providing a vast array of programs and services to adult students seeking jobs and training leading to improved employment opportunities. Two-year colleges in this effort have long served special populations including educationally and economically disadvantaged adults, individuals with disabilities, dislocated workers, single parents, and displaced homemakers.

The new economy which we are experiencing in Alabama today is a knowledge-based economy. Increased levels of education and increasingly sophisticated levels of training have become the key to earning a living. It takes education beyond high school to gain the skills and competencies necessary to earn a middle income wage in our new economy. Employers continue to demand more highly educated and skilled workers. For those with only a high school diploma, median earnings have declined since 1976. The new jobs which will be available to Alabamians in the future will be different from the "drive it, dig it, lift it, or pick it" jobs characteristic of the traditional Alabama economy. Automobile assembly, steel making and fabrication, health care, pharmaceutical production, electronics, computer component production and various other businesses have blossomed in Alabama, resulting in a rapid growth in the number of jobs which are classified as high-skill occupations.

The National Association of Manufacturers' Center for Workforce Success has found in a recent study that there is "a continuing, worsening skills gap in the manufacturing workforce" of our nation. This directly impacts Alabama. This skills gap limits the ability of manufacturers to innovate, change, and compete. This, in turn, negatively impacts the economy, jobs and income. Eighty-eight percent of manufacturers report difficulty in finding qualified candidates to fill jobs. Sixty percent of manufacturers report that they typically must reject between 50 and 100 percent of job applicants as unqualified. Sixty-two percent of manufacturers report that job applicants have inadequate technical skills. One-third of manufacturers report that job applicants have inadequate reading and writing skills. The skills gap is found not only in new, entry level job applicants, but also in incumbent workers, those already on the job. Up to two-thirds of manufacturers report that incumbent workers have serious deficiencies in math skills and oral and written communication skills. Forty-eight percent of manufacturers indicate that incumbent employees lack the ability to read technical documents and blueprints. Almost two-thirds of manufacturers report that current employees are deficient in basic employability skills such as timeliness, readiness and productivity.

In the global economy the primary advantage of any nation or state is its supply of highly educated and highly skilled workers. The skills gap identified by the National Association of Manufacturers' Center for Workforce Success indicates that the continued well being of the economy of our nation and of our state hinges on the development of advanced manufacturing methods and technologies, and the application of those methods and technologies by a well-trained, highly-skilled workforce which we do not have. The recently completed National Workforce Development study has concluded that never in our history have employers been confronted with such a critical need to maintain the high skill levels of their employees in order to compete. Nearly eighty percent of employers surveyed in this study estimated that 25 percent or more of their workforce requires immediate training. More than 20 percent of employers estimate that 76 to 100 percent of their workforce require immediate training.

Not only does the lack of a sufficiently skilled workforce hinder manufacturing and production, but the absence of a highly skilled workforce threatens statewide and regional economic development. A highly skilled workforce is a primary ingredient in attracting new industries to the state, and in keeping existing industries in the state. This has been echoed in the recent efforts of Alabama's two-year colleges to provide workforce development and training to assist Mercedes and Boeing in their new economic ventures. But it has also been echoed in continuing efforts by Alabama's two-year colleges to meet the workforce training needs of companies already located in the state, such as Michelin, Bush Hog, Briggs and Stratton, Dorsey Trailers, General Electric, Goodyear, Motorola Acustar, Atlantic Marine, Ciba Geigy, Intergraph Corporation, Martin Marietta, Rheem Manufacturing, Sony, Teledyne, Uniroyal Goodrich, MacMillan Bloedel, Steelcase, Bell South, Fluid Power Systems, Ford, General Motors, Chrysler, U. S. Steel, Omni International, Weyerhauser, Elf Atochem, Scott Paper, Dunlop Tire, Pridecraft Enterprises, AT&T, Gulf States Steel, United Defense, Filtration Manufacturing, Reynolds Metals, Thermo King, Caterpillar, American Building Company, HealthSouth, Union Camp and hundreds of other companies. Through its extensive network across the state, Alabama's two-year colleges help to train as many as 50,000 Alabama citizens who are already employed by approximately 2,000 Alabama businesses and industries each year.

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The workforce development system of the state must take into account the graying of Alabama's workforce. By 2020 the largest 10-year cohort of workers in Alabama will be between the ages of 55 and 65. Thus, Alabama faces the prospect of moving into the next century with fewer younger, better educated workers entering the workforce, and with increasingly greater dependence upon older workers who did not acquire and who still do not have the education and training they will need to compete in the modern workplace. These prospects have resulted in the ranking of Alabama as 46 out of 50 states in terms of its educated labor supply.

As a consequence of broad social and economic conditions as well as the absence of a coherent, articulated workforce training effort, Alabama has lagged behind her sister states in jobs per capita. In Alabama, one in six adults is functionally illiterate. One in every three adults does not have a high school education or a GED certificate. Alabama's high school dropout rate of 18 percent exceeds the national dropout rate dramatically. The high dropout and illiteracy rates in Alabama have had a negative effect on the workplace, contributing not only to increased poverty for citizens of Alabama, but serving also to inhibit the recruitment of new businesses and industries and the maintenance of existing businesses and industries in the state. Clearly the only logical solution to this situation is to partner with business, industry and labor to address directly their employment needs, and to develop a customer-driven system to produce a workforce adequate to Alabama's needs. Alabama must create a vehicle for transforming the current fragmented group of training and employment programs into a coordinated information and service delivery system for individuals seeking first jobs, new jobs or better jobs, and for employers seeking more highly trained workers. The key elements of such a vehicle must be universal access through one-stop centers, customer choice, integration of services and performance-driven outcomes. Alabama's two-year colleges have been striving to accomplish the creation of such a network throughout its thirty institutions located strategically across the state. This effort has been in concert with the actions of state and national leaders.

WORKFORCE INVESTMENT ACT

President Clinton signed the *Workforce Investment Act* (WIA) into law (Public Law 105-220) on August 7, 1998. The bill consolidates and streamlines the federal role in adult and youth job training and adult and vocational education. The *Workforce Investment Act* replaces the Job Training Partnership Act (JTPA) by July 1, 2000. In 1999, the State of Alabama must develop a five-year transition plan to implement the provisions of the *Workforce Investment Act* and will submit the plan to the U. S. Secretary of Labor. The *Workforce Investment Act* presents a number of opportunities for The Alabama College System to work cooperatively and constructively as an equal partner with other agencies in redefining and advancing the state's workforce development system as Alabama moves into the 21st century.

Workforce Investment Act legislation provides a mechanism for states to:

- Reduce duplication and expenditures to operate workforce development programs and services
- Strengthen local economic development initiatives
- Encourage business/industry and education to jointly improve workforce development for youth and adults

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- Transition welfare recipients to gainful employment
- Provide more accessible information about job preparation and training through one-stop centers
- Provide a greater degree of accountability and performance-based assessment
- Provide fiscal incentives to increase the academic and vocational skill levels of current and future employees
- Provide a highly skilled workforce to support national, state and local economic development initiatives

The *Workforce Investment Act* places considerable emphasis on performance accountability and optimum return on investment of Federal taxpayer dollars. The Act specifies core performance indicators for all aspects of workforce development initiated at the state and local levels. Performance measures must be addressed in Alabama's state plan and approved by the U. S. Secretary of Labor. The state, in turn, is required to negotiate performance levels with each Local Workforce Investment Board, taking into consideration economic and demographic factors. Federal incentive funds and sanctions are contingent upon states meeting negotiated levels of performance.

SPECIFIC SUGGESTIONS

The *Workforce Investment Act* provides for the establishment of a State Workforce Investment Board to assist in the development of the state plan and to carry out other described functions. Requirements for membership are specified in the Act. *P.L. 105-220, SECTIONS 111 and 112.*

A majority of State Workforce Investment Board members must be representatives of business. The Act also requires that representatives of organizations with experience and expertise in the delivery of workforce development activities be included. Chief executive officers of two-year colleges fall into this category and are mentioned specifically in the Act. **We recommend that a substantial number of two-year college presidents be named by the Governor to membership on the State Workforce Investment Board.** The Act further specifies that members of the State Workforce Investment Board shall be individuals with optimum policy making authority within their organizations or agencies. Therefore, **we recommend that members of the Alabama State Board of Education and Chancellor of the Alabama Department of Postsecondary Education be named by the Governor to membership on the State Workforce Investment Board.**

Appointment of these individuals will assure the development of linkages necessary to coordinate the programs and activities required by the Act and eliminate duplication of services. Appointment of these individuals will also ensure accomplishment of the requirement of the Act that diverse regions of the state, including rural, urban, and suburban areas, be represented. The presence of these individuals on the State Workforce Investment Board will substantially enhance the annual assessment of performance measures adopted under the *Carl D. Perkins Vocational and Applied Technology Education Act*, specified as one of the functions of the State Workforce Investment Board.

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The State Workforce Investment Board is required to develop a state plan which describes and emphasizes collaboration among agencies and entities to bring about the functions outlined in the Act. The appointment of the individuals suggested above will optimize such collaboration. Similarly, the appointment of these individuals will ensure the development of a comprehensive state performance accountability system, also required by the Act.

In its effort to re-engineer Alabama's two-year college system to meet the needs of business and industry in providing a 21st century workforce, the Alabama State Board of Education appointed and solicited the advice of a Task Force of prominent citizens from across the state. In responding to the recommendations of its Task Force, the State Board of Education has created a skills training division within each of its two-year colleges. It is anticipated that individuals currently served by the existing state skills centers will, in the future, be served by the skills training division of each two-year college. These clients will include disadvantaged individuals who have not graduated from high school, whose interests and aptitudes will be assessed and who will enter a program of training leading directly to employment through the skills training division. These divisions will be equipped to provide adult education and GED services to assist in the immediate employment of clients.

One of the most important aspects of these skills training divisions is their capacity to serve the thousands of students who drop out of high school, who are unable to complete the new "four-by-four" curriculum implemented in the state's high schools, or who cannot pass the high school graduation examination. These students can pursue training leading directly to employment through the skills training divisions of two-year colleges. These divisions of Alabama's two-year colleges can, therefore, be considered one of the state's most significant assets in the transition of this otherwise lost population into the workforce. **We ask the Governor to consider this unique aspect of workforce investment in developing the state workforce investment plan and the funding which will be directed by that plan.**

We urge the Governor to make full use of his authority under the Act to create a new broad-based State Workforce Investment Board, representative of all workforce development interests (including both customers and clients), **rather than substituting an existing state entity to serve as the State Workforce Investment Board.**

The *Workforce Investment Act* requires that the Governor, after consultation with the State Workforce Investment Board and Chief Local Elected Officials, and after taking into account comments received in the development of the state plan, designate the Local Workforce Investment Areas of the State. *P.L. 105-220, SECTION 116.*

In the design of Local Workforce Investment Areas, the *Workforce Investment Act* requires that the Governor consider the geographic service areas of local education agencies and postsecondary education institutions, the extent to which such local areas are consistent with labor market areas, the distance that individuals must travel to receive services, and resources available in the local areas to administer cost-effective job training activities. As a consequence of these factors and because of the heavy emphasis placed by the Act on regional planning as an element of workforce

development, **we recommend that the Governor designate the existing 12 state planning regions as Local Workforce Investment Areas**.

Such designation takes into consideration the geographic, economic, and travel requirements specified for the Local Workforce Investment Areas. In addition, the development of the state plan, required of the State Workforce Investment Board, and the evaluation of the accountability of the state workforce investment system will be made much easier as a result of using existing planning regions. These regions have served as a basis for economic development planning and regional planning for the delivery of public service for many years. Use of these existing regions will foster greater communication, collaboration, and cooperation among business and industry and workforce training providers, and will leverage resources among and between state and local and public and private agencies to improve workforce development programs for youth and adults.

It will be virtually **impossible for the Governor to demonstrate compliance with the five considerations specified in the Act for designation of Local Workforce Investment Areas by designating a small number of workforce investment areas, representing diverse interests and populations. Although automatic designation of existing Service Delivery Areas as Local Workforce Investment Areas is possible, it is not consistent with the concept of regional planning and local responsiveness to the needs of business and industry**, which are at the heart of the Act.

The selection of the existing 12 state planning regions as "temporary and subsequent" Local Workforce Investment Areas will add the economic development advantage of thirty postsecondary institutions, three skills training institutes, numerous campuses, and other external education and training sites. It will capitalize on the state's investment in facilities, equipment, electronic network infrastructure, and technical training expertise to improve the readiness of Alabama's workforce to meet the challenges of emerging technologies and skills standards that are vital to Alabama's competitive posture in the national and international market place.

The *Workforce Investment Act* provides for the establishment of Local Workforce Investment Boards to administer the workforce investment system at the local level. Requirements for membership are specified in the Act. The Governor, in partnership with the State Workforce Investment Board, establishes criteria for use by Chief Local Elected Officials for appointment of members to the Local Workforce Investment Boards. *P.L. 105-220, SECTION 117.*

A majority of Local Workforce Investment Board members must be representatives of business. The Act also provides that representatives of local education entities, entities providing adult education, and postsecondary educational institutions must be included on the Local Workforce Investment Boards. Organizations and entities on the Local Workforce Investment Boards must be represented by individuals with optimum policy-making authority within their respective organizations. **We recommend that two-year college presidents be named to membership on Local Workforce Investment Boards in order to meet the requirements of the Act.**

The Act also provides that representatives of each of the One-Stop Partners serve as members of the Local Workforce Investment Boards. Since two-year colleges are designated by the Act as One-Stop Partners, the appointment of two-year college presidents satisfies that requirement of the Act. Furthermore, to ensure appropriate planning and coordination of workforce training within the Local Workforce Investment Areas, **we recommend that members of the Alabama State Board of Education serve as members of Local Workforce Investment Boards operating within their districts**. Board members, if designated by the Governor, can work closely with the chief local elected officials to ensure the greatest degree of coordination and cooperation among service providers within the Local Workforce Investment Areas.

Under the terms of the Act, among the functions of the Local Workforce Investment Boards are the development of a local strategic workforce investment plan, the development of local performance measures, coordination of workforce investment activities carried out in the Local Workforce Investment Area with economic development strategies and employer linkages, and designation of One-Stop Operators. In its effort to re-engineer Alabama's two-year college system to meet the needs of business and industry in providing a 21st century workforce, the Alabama State Board of Education appointed and solicited the advice of a Task Force of prominent citizens from across the state. One of the recommendations of this Task Force was that the State of Alabama be divided into regions, and that each region be represented by a Regional Advisory Council to coordinate workforce development activities and training and employer linkages among the two-year colleges within the region. In enacting this Task Force recommendation, the Alabama State Board of Education established Regional Advisory Councils and designated the existing 12 state planning regions as areas of operation for the Regional Advisory Councils. In order to ensure optimum coordination of workforce investment efforts outlined by the Act as the responsibility of the Local Workforce Investment Boards, **we recommend that the Governor designate the members of the Alabama State Board of Education Regional Advisory Councils as members of the Local Workforce Investment Boards in their respective regions**.

Just as a youth council is associated with each Local Workforce Investment Board, **we recommend that the Governor utilize the Alabama State Board of Education Regional Councils, recommended by the State Board of Education's Task Force and subsequently adopted by the State Board of Education, to serve as "training councils," affixed to each Local Workforce Investment Board**. This structure will better ensure coordination of services provided by two-year colleges with the services provided by other agencies, and will improve local in-put into the specific workforce training needs of each workforce investment region. This will add the economic development advantage of thirty postsecondary institutions, three skills training institutes, numerous campuses, and other external education and training sites. It will capitalize on the state's investment in facilities, equipment, electronic network infrastructure, and technical training expertise to improve the readiness of Alabama's workforce to meet the challenges of emerging technologies and skills standards that are vital to Alabama's competitive posture in the national and international marketplace.

We urge the Governor to make full use of his authority under the Act to create new broad-based Local Workforce Investment Boards, representative of all workforce development interests (including both customers and clients). **We urge the Governor not to establish a**

Statewide Workforce Investment Area, but rather to rely on truly Local Workforce Investment Boards to carry out the purposes of the Act. **We also urge the Governor to establish clearly that no Local Workforce Investment Board may provide the training services described in the Act.**

The *Workforce Investment Act* requires that a one-stop delivery system be established in each local area. Local Workforce Investment Boards will designate One-Stop Center Operators and develop and enter into Memoranda of Understanding with One-Stop Partners. Among the 12 required One-Stop Partners specified in the Act are institutions providing postsecondary vocational education activities. *P.L. 105-220, SECTIONS 121 and 122.*

In order to achieve the appropriate level of service to clients and employers, it will be necessary to establish multiple One-Stop Operators within each Local Workforce Investment Area. As a result of the placement and distribution of two-year colleges and their service centers, Alabama's two-year colleges provide an ideal structure for the operation of One-Stop Centers. Existing facilities and resources can be leveraged by designating two-year colleges One-Stop Operators. It is not intended that they serve exclusively as the state's One-Stop Operators. In some communities, appropriate arrangements may include them only as One-Stop Partners. However, **we urge the Governor to direct the Local Workforce Investment Boards to look upon the state's two-year college system as a source of One-Stop Operators.**

The One-Stop delivery system within a Local Workforce Investment Area must provide three levels of services for adults and dislocated workers: Core Services; Intensive Services; and Training Services. Alabama's two-year colleges have been providing all three levels of service to eligible clients in varying degrees for many years. Thus, they are logical One-Stop Operators and eminently suited to serve as One-Stop Operators.

The *Workforce Investment Act* repeals the *Adult Education Act*, which has been in effect for 32 years. The provisions of this Act are now Title II of the *Workforce Investment Act*. The *Workforce Investment Act* places emphasis on assisting adults to become literate in order to secure skills leading to employment and on obtaining the educational skills necessary to become full partners in their children's education. *P.L. 105-220, SECTION 201 et seq.*

Alabama College System institutions provide adult basic education, literacy instruction, and developmental instruction as a regional component of workforce development training. Such activities are offered for the purpose of improving the productivity of the workforce through the improvement of literacy skills and should be coordinated with Local Workforce Investment Boards. **We recommend that the Governor take appropriate action to ensure that these activities continue at Alabama's two-year colleges.**

CONCLUSION

It is important to note that the title of the new legislation is the *Workforce Investment Act*. The funds it provides must be wisely invested to create a permanent workforce training system for the state. Alabama has already made a substantial investment in workforce development through its system of two-year colleges. This investment includes facilities, equipment, staff, and technology which have become a permanent part of the workforce training infrastructure of the state. The wisest use of workforce investment funds is the leveraging of this existing workforce training infrastructure into a stronger, more efficient, permanent workforce training system which will continue to function to meet the needs of the state long after the current federal statute is gone.

Some states in the past have created and supported with federal funds intended for workforce training, vast bureaucratic organizations which have been perpetuated through forty years of federally funded workforce development entitlement programs. States which are wisely implementing the *Workforce Investment Act* are those which invest those funds in permanent workforce training infrastructure, such as two-year colleges, allowing for the creation of a coordinated, customer-driven, accessible, non-fragmented information and delivery system for individuals and employers seeking workforce training, characterized by integration of services and performance-driven outcomes.

Alabama can benefit from their activities. Alabama can use *Workforce Investment Act* funds to leverage this most recent piece of federal legislation into a permanent change in the workforce development process, capitalizing on and strengthening the investment it has already made through its system of two-year colleges. More money should be invested in workforce training, and less in bureaucratic overhead.

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